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Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples

Question of Western Sahara

Report of the Secretary-General**

Summary

The present report, submitted pursuant to General Assembly resolution 64/101, summarizes the report submitted by the Secretary-General to the Security Council on the situation concerning Western Sahara in the period 1 July 2009 to 30 June 2010.

* A/65/150.

** The present report was submitted late to the conference services without the explanation required under paragraph 8 of General Assembly resolution 53/208 B, by which the Assembly decided that, if a report was submitted late, the reason should be included in a footnote to the document.

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1. On 10 December 2009, the General Assembly adopted, without a vote, resolution 64/101 on the question of Western Sahara. The Secretary-General, in close cooperation with the Chair of the Commission of the African Union, has continued to exercise his good offices with the parties concerned. The present report, covering the period from 1 July 2009 to 30 June 2010, is submitted in accordance with paragraph 7 of resolution 64/101.

2. Pursuant to Security Council resolution 1871 (2009), the Secretary-General submitted a report dated 6 April 2010 (S/2010/175) to the Security Council on the situation concerning Western Sahara. In that report, the Secretary-General informed the Council of the activities of his Personal Envoy to promote negotiations on Western Sahara. Following the trip of the Personal Envoy to the region from 22 June to 1 July 2009 to clarify the purpose and structure of the informal meetings that he had proposed and to confirm the readiness of the parties and neighbouring States to attend, the first informal meeting was held in Dürnstein, Austria, on 9 and 10 August 2009. That meeting achieved its principal objective of re-establishing the atmosphere of mutual respect and dialogue that had reigned at the beginning of the negotiations in Manhasset, United States of America, but had collapsed in the course of successive rounds. The parties engaged with each other in a respectful manner and in a spirit of extensive give and take, discussing confidence-building measures and human rights issues as a prelude to a later examination of the core issues of their dispute. They agreed in principle that a long-standing proposal to explore the road option in the context of an expansion of family visits between Western Sahara and the refugee camps should be implemented, and they agreed to consider, in a positive spirit, the confidence-building measures that the United Nations High Commissioner for Refugees had proposed and others that the Personal Envoy might put forth.

3. With regard to human rights issues, the parties exchanged accusations on violations, and each complained about how the other approached such matters. The Frente Polisario para la Liberación de Saguia el-Hamra y de Rio de Oro (Frente Polisario) called for a United Nations monitoring mechanism, and Morocco expressed its opposition. The Personal Envoy proposed that, to avoid poisoning the atmosphere, the parties should communicate their concerns on this issue through him instead of doing so in public statements. Despite apparent agreement on that procedure, public accusations continued thereafter. Before the Dürnstein meeting ended, the parties also engaged in a preliminary discussion of core substantive issues but continued to disagree, in particular on the requirements of self-determination.

4. Observer delegations from Algeria and Mauritania were present in Dürnstein. Of note was the fact that, for the first time since 2004, Algeria participated in the process at the ministerial level. The delegation of Algeria stated that, as an observer delegation, it could not participate directly in the talks but was ready to work with the parties on anything to which they agreed with regard to confidence-building measures and human rights issues.

5. After the Dürnstein meeting, my Personal Envoy consulted regularly with the parties and determined that progress on the core substantive issues was most likely to emerge at a further informal meeting rather than at an immediate fifth round of formal negotiations. In September 2009, in the course of the sixty-fourth session of the General Assembly, the Secretary-General met separately with the President of

Algeria, Abdelaziz Bouteflika, and the Minister for Foreign Affairs and Cooperation of Morocco, Tairb Fassi Fihri, and both expressed their continued commitment to the negotiating process and their support for the efforts of the Personal Envoy. Further consultations with the parties opened the way to serious engagement with respect to their proposals of April 2007. On that basis, the Personal Envoy proposed that a second informal meeting should be held on 21 and 22 November, or on 4 and 5 December 2009. However, beginning in October, a series of events made it increasingly impossible to meet as proposed. Each party engaged in actions that the other deemed provocative and destructive of the positive atmosphere that had emerged in Dürnstein, and each questioned the good faith of the other. As those events unfolded, the Personal Envoy found himself operating in a crisis-management mode as did a number of other international actors, to prevent the situation from deteriorating any further.

6. By January 2010, the climate had improved, and my Personal Envoy was able to hold a second informal meeting in Westchester County, New York, on 10 and 11 February. As the meeting started, each party was provided an opportunity to make an opening statement. Most of the ensuing exchanges concerned human rights and related issues, and both parties complained of violations. Again, the Frente Polisario called for United Nations monitoring, and again Morocco stated its opposition. It also asserted that, by refraining from exercising their responsibility with respect to the refugees on Algerian territory, Algeria and the Office of the United Nations High Commissioner for Refugees (UNHCR) were not fulfilling their international obligations.

7. During the rest of the talks, each party again presented its proposal of April 2007 and, to varying degrees, engaged with regard to the proposal of the other. Although the exchanges were frank and respectful, at the end of the meeting both parties agreed with the Personal Envoy's summary that neither party had accepted the proposal of the other as the sole basis for future negotiations. It was clear to the Personal Envoy that the fundamental and, to date, non-negotiable difference between the two parties lay in the issue of self-determination. The Frente Polisario, with the support of Algeria, insists on a referendum with multiple options, including independence, while Morocco insists on a negotiated autonomy regime and a referendum of confirmation with one option.

8. As in Dürnstein, observer delegations from Algeria and Mauritania were present but did not participate directly in the talks. Algeria reiterated its support for anything to which the parties might agree and undertook to look into the reasons for the delay in opening telephone communication between Western Sahara and the most remote refugee camp, Dakhla, as foreseen in the confidence-building measures agreed earlier.

9. In the recommendations section of his report of 6 April 2010 (S/2010/175), the Secretary-General welcomed the parties' continuing commitment to the process of negotiations, and their willingness to engage in the preparatory informal format organized by the Personal Envoy. However, he noted that the two informal meetings held in August 2009 and February 2010 had produced no movement on the core substantive issues and that more work was needed before a fifth round of formal negotiations could be held. He also observed that, after the second informal meeting, it had become clear that neither party was prepared to accept the proposal of the other as the sole basis for future negotiations and that nothing was likely to

occur in their relations or in the regional or international environment to change this in the foreseeable future. He recommended that the Security Council reiterate its call upon the parties, Morocco and the Frente Polisario, to negotiate in good faith and without preconditions under the auspices of the Personal Envoy, and to show the political will required to enter into substantive discussions and ensure the success of the negotiations, where possible by drawing on and developing the contents of their two proposals. He stressed that imagination and creativity would be needed if progress was to be made.

10. With regard to the maintenance of the ceasefire, the Secretary-General informed the Council that the overall situation remained calm in the Territory and that the United Nations Mission for the Referendum in Western Sahara (MINURSO) continued to enjoy good relations with the parties. MINURSO observed and recorded 24 new violations of military agreement No. 1 by the Royal Moroccan Army, an increase over the 11 recorded during the previous reporting period. MINURSO also observed a total of five new violations of military agreement No. 1 by the military forces of the Frente Polisario, a slight decrease compared with the seven recorded during the previous reporting period, in 2008-2009. While MINURSO continued to enjoy good relations with the Royal Moroccan Army and the military forces of the Frente Polisario, both sides continued to abstain from dealing directly with each other. All known contacts between the two armed forces continued to take the form of written communications through MINURSO. The Mission has proposed the creation of a joint military verification mechanism to discuss allegations of violations of military agreement No. 1 and other issues of common interest.

11. With regard to humanitarian activities and efforts led by UNHCR and the World Food Programme (WFP), the United Nations High Commissioner for Refugees, António Guterres, undertook a five-day visit to Algeria, Morocco and Western Sahara in September 2009, including a visit to the refugees from Western Sahara in the camps near Tindouf. This was the first time since 1976 that a High Commissioner for Refugees had visited the camps. The High Commissioner's visit paved the way for a reorientation of the assistance programme in the camps through an increase in the level of assistance and an enhanced focus on the long-term welfare of the refugees, with special attention to the areas of nutrition, health and education. WFP continued to provide 125,000 monthly general feeding rations to the most vulnerable Western Saharan refugees. Overall, in 2009 WFP distributed a total of 26,953 tons of food. In 2009, UNHCR made considerable progress in combating the high levels of anaemia afflicting the refugee population, and laid the foundation for a comprehensive child health and nutrition programme and implementation strategy with all partners.

12. With regard to confidence-building measures, UNHCR continued to provide free telephone services for refugees in the camps to contact family members in the Territory and to organize family visits between the Tindouf refugee camps and the Territory. Between April 2009 and March 2010, refugees placed 20,362 calls to relatives in the Territory and participated in 37 round-trip family visits, during which 1,137 beneficiaries travelled to the Tindouf camps and 1,188 beneficiaries travelled to cities in the Territory west of the berm. In order to shorten the waiting period for persons registered for family visits, and in line with Security Council resolutions 1813 (2008), 1871 (2009) and 1920 (2010), UNHCR is continuing its efforts to implement the road option as an expansion of the family visit programme.

13. Regarding human rights, the Secretary-General recognized the duty of the United Nations to uphold human rights standards in all its operations, including those relating to Western Sahara, and expressed his concern with the human rights situation. He noted that each side accuses the other of violations relating to Saharans in the Territory and in the refugee camps, and each denies the accusations made against it. He repeated once more his call to each party to remain engaged in continuous and constructive dialogue with the Office of the United Nations High Commissioner for Human Rights with a view to ensuring respect for the human rights of the people of Western Sahara in the Territory and in the refugee camps. He underlined the fact that the United Nations and the international community as a whole had an interest in advancing respect for international human rights standards and in ensuring that each party to the conflict understands its responsibilities in that regard.

14. In his recommendations, the Secretary-General also expressed his concern for the human dimension of the conflict, including the plight of the Western Saharan refugees. He urged the parties to confirm their agreement to the expansion of the family visit programme and to accelerate their consultations with UNHCR on its implementation, as this would allow a significantly higher number of individuals in Western Sahara and the refugee camps to participate.

15. As a follow up to the February 2010 informal meeting, the Personal Envoy undertook a visit to the region from 17 to 25 March during which he was received by the King of Morocco, the Heads of State of Mauritania and Algeria, as well as the Secretary-General of the Frente Polisario. The Personal Envoy's discussions in the region confirmed the fact that the negotiations were still at an impasse, and he requested both the parties and the neighbouring States to engage in a period of reflection to develop ideas for moving the process forward. He also visited Paris for meetings on 25 and 26 March with the Government of France on these issues. On 26 March, a dispute regarding the participation of specific individuals in a scheduled family visit flight led to the suspension of all flights. Both the Personal Envoy and UNHCR have engaged with the parties in an attempt to find a solution to this disagreement and allow the flights to resume.

16. After its consideration of the report of the Secretary-General (S/2010/175), on 30 April 2010 the Security Council unanimously adopted resolution 1920 (2010). In that resolution, the Council recognized that the consolidation of the status quo was not acceptable in the long term and noted further that progress in the negotiations was essential in order to improve the quality of life of the people of Western Sahara in all its aspects. The Council called upon the parties to continue to show political will and work in an atmosphere propitious for dialogue in order to enter into a more intensive and substantive phase of negotiations. The Council decided to extend the mandate of MINURSO until 30 April 2011.

17. In May and July 2010, UNHCR held separate meetings in Geneva with representatives of the Frente Polisario and Morocco to evaluate the current programmes and attempt to find a solution to the disagreement that had led to the suspension of the family visit flights, and urged them to agree to the steps necessary to inaugurate family visits by road.

18. From 21 June to 1 July 2010, the Personal Envoy visited the capitals of three members of the Group of Friends of Western Sahara (London, Paris and Madrid) to consult on the best means to advance the negotiations towards a mutually acceptable

settlement and to solicit their concrete advice and renewed support in that regard. On 16 July, he consulted with senior officials in Washington, D.C., and he will visit Moscow at a later date. His meetings were very useful, reflecting a fresh interest in moving beyond the status quo and finding a solution. The members of the Group of Friends with whom he has met to date have all expressed a readiness to work with him and the parties to ensure the success of future negotiations through genuine and flexible substantive engagement. He has also found unanimous agreement on the need to intensify work on confidence-building measures, including the resumption of family visits by air, the early inauguration of family visits by road, and rapid consideration of other confidence-building measures that UNHCR has proposed.

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Culture of peace

Social development

Letter dated 13 August 2010 from the Permanent Representative of Uzbekistan to the United Nations addressed to the Secretary-General

I have the honour to convey to you the attached information on the restoration of the historical and cultural heritage of Uzbekistan (see annex).

I would highly appreciate it if you could circulate the present letter and its annex as a document of the General Assembly under items 15 and 27 of the provisional agenda.

(*Signed*) Murad **Askarov**
Permanent Representative of the
Republic of Uzbekistan

* A/65/150.

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Annex to the letter dated 13 August 2010 from the Permanent Mission of Uzbekistan to the United Nations addressed to the Secretary-General

[Original: Russian]

Restoring the historical and archaeological heritage and cultural and spiritual values of Uzbekistan

Uzbekistan is an ancient civilization and rich in culture. No Central Asian republic is home to a larger number of historical and ancient cultural monuments than Uzbekistan. The country is in itself a most valuable repository of unique historical and archaeological monuments from different eras, from the emergence of humankind to the creation of major nation-States of ancient times. It was no accident that archaeological explorations in Uzbekistan have led to the recognition of archaeology as a separate historical discipline. Its development, moreover, has been marked by a whole host of amazing discoveries of global significance.

Since gaining its independence, Uzbekistan has maintained the revival of its culture and spirituality and the restoration of its real history and individuality as a priority in its policies. Islam Karimov has said that the rehabilitation of spiritual values is an organic and natural process in the growth of national self-awareness and a return to the spiritual source or the roots of the nation.[1]

Having rightly recognized that spiritual and cultural values represent the foundation for development and the driving force behind national self-determination, the Uzbek government, led by its President, has been actively promoting Uzbek customs, traditions and values. All national and religious celebrations or holidays, such as Nowruz, Eid al-Fitr and Eid al-Adha, have been reinstated. Islam, the sacred religion of the country's forefathers, has also been reintroduced. Embodying high moral and humanitarian principles, Islam has always played a unifying role, and has synthesized millenniums of experience in the spiritual development of our people. Old mosques have been reconstructed and new ones built. A number of new educational institutions have also been established, including the Tashkent Islamic University. The countless cultural and historic monuments, which are masterpieces and the pride of the nation, have been duly restored. New memorial sites have been built, including the Memorial of Remembrance and Commemoration, the Imam al-Bukhari and al-Ferghani sites, the Tamerlane museum and many others, which combine traditional oriental architecture with modern architectural elements and are renowned for their elegance and grandeur.

Tashkent was declared Islamic Culture Capital in 2007 by the Islamic Educational, Scientific and Cultural Organization in recognition by the international community of Uzbekistan's outstanding contribution to both Muslim and global civilization.

[1] Karimov, I. A., *Uzbekistan On the Threshold of the Twenty-First Century: Challenges to Stability and Progress*, Tashkent, Uzbekistan, 1997.

Uzbekistan's independence has aided the current revival of the nation's cultural and spiritual values. The great wealth of its historical and archaeological heritage and rich history have also played a key role.

Archaeological materials and discoveries have been essential in charting a number of important historical developments, and often proved the only source of information, particularly in the area of the origin of humankind and primitive cultures. The first traces of the earliest inhabitants of our country's territory were discovered half a century ago. In the last few decades alone, discoveries have been made of global significance, representing a great historical breakthrough. With the discovery and study of monuments dating back to the Stone Age in Southern Fergana and the Tashkent Oasis, Uzbekistan has joined the list of places in the world to have witnessed the beginning of human evolution. These monuments have been determined to be from 450,000 to 500,000 years old. By far the most significant discovery, however, has been the discovery of prehistoric human remains in the Obirahmat cave at the Tashkent Oasis. The study of these remains has changed perceptions of the origins of modern man. In contrast to the outdated stages-of-man idea of evolution, modern science has confirmed the view that different pre-historic races coexisted together and may have cross-bred. The inhabitant of the Obirahmat cave, who lived from 50,000 to 70,000 years ago, is an example of such crossbreeding in human evolution. These findings fit in with the latest breakthroughs made by researchers from all over the world who have been studying the process using materials uncovered in Africa, Portugal, France and the Middle East.

Another important area which has advanced the current research of Uzbek archaeologists has been the progress made in the study of ancient civilizations and the origins of cities in Uzbek territory. Archaeologists have been able to establish two distinct geographical areas in the development of ancient Uzbekistan: an arable farming area in the South, and an agro-pastoral area in the North, which developed slightly later. The work of Uzbek researchers has shown that the arable agricultural civilization of the first ancient oriental cities, discovered in the South of Uzbekistan in the twentieth century, covered a wider area than previously thought. It has now been established that it occupied a vast area to the North, from Amu-Dar'ya (Bactria) to Zarafshan (Central Sogdiana). This civilization was called Bactrian Margiana and dated from the second half of the third century to the middle of the second century B.C.E. It is notable for the highly developed architectural and construction skills on display in its fortresses and palaces and its major ideological centres, temple-fortresses where the rituals held were similar to those found later in Zoroastrianism.

Bactria is associated with the beginning of statehood in Central Asia. It was mentioned in the Assyrian annals dating back to the eighth Century B.C.E., with its golden age, the Kushan Empire, from the first to fourth centuries C.E. Characterized by a blend of local traditions combined with Greek and Indian influences, it ranked among the largest empires of the East and had its own forms of architecture, sculpture and painting. There are examples of both secular and religious art at the Khalchayan and Dalverzintepa sites (Surkhandarya province). Unique Buddhist painting and sculpture can be found at Karatepe and Fayaztepe in Old Termez, where masterpieces such as the famous sculptural frieze of Airtam were created. The frieze is commonly known as the Triad and is a depiction of the Buddha with two monks. It dates from the second to third centuries C.E. Nowadays, the gallery of

Buddhist sculpture is complemented by discoveries made by Uzbek-French and Uzbek-Japanese expeditions to Termez. This form of art developed further in the early Middle Ages. The temple on the site of Kuva in Fergana provided evidence of this and its many sculptures are now carefully preserved in museums. This priceless heritage from our ancient sculptors is an integral part of the artistic treasure of our nation.

Important discoveries have been made in recent times on the site of Kampirtepa in Surkhandarya. It is a port city on the Amu-Dar'ya with a fortress dating back to the second century B.C.E. and has been almost entirely excavated by archaeologists. This monument is maintained as an important historical site and tourist attraction. Its walls and towers have been reconstructed using ancient methods.

The ancient civilization of Khorezm, similarly discovered by archaeologists, has also been enriched in recent decades not only by new monuments, but also by modern interpretations of its origins. The ancient culture of Khorezm began in the delta of Amu-Dar'ya in the early part of the first millennium B.C.E., while the civilization itself and its ancient cities started developing about 2,700 years ago, strongly influenced from the South by Bactria and Margiana. It is thought that the Khorezm State had established itself by the middle of the first millennium B.C.E.

The large settlement of Kazatly-yatgan, discovered in the right-bank area of Khorezm, is recognized as the ancient capital of the early Khorezm kingdom. Archaeologists have also discovered groupings of palaces and temples which house some of the oldest known wall paintings in Central Asia, including the Gallery of Kings. Sculptures and ancient Khorezm writings have also been found.

The Central Asian civilization, as part of the East, was highly urbanized. Medieval Arab geographers noted that no other region in the East had such a large number of prosperous cities as Mavarannahr, the Central Asian Mesopotamia, which had more than 200 cities. Many of them dated back to ancient times, to the very formation of the State.

Researchers are continuing with their comprehensive studies of historically significant, modern-day cities dating back to ancient times. These cities include: Samarkand, Bukhara, Karshi, Shahrisabz, Termez and Tashkent, Khiva, and the centres of the Fergana valley and the Tashkent Oasis. Excavations at the cities have helped to shed light on the development of the State, the relationship between urban and rural settlements, the country's economy as a whole and its role in the integration processes of the Central Asian peoples.

These achievements of Uzbek archaeology are merely a few milestones in the development of archaeology. Uzbek archaeologists have allied their traditional research methods to new interdisciplinary practices, such as GIS and GPS systems which help to record stages in the development of settlement sites and clusters of settlements. The chronological charting of historical geographical development, previously performed using a complex system of maps, is now done using computers.

With a view to improving absolute chronology, archaeologists in Central Asia employ data from the natural sciences, and continually develop radiocarbon, potassium-argon and dendrochronological dating methods.

However, the study of the rich archaeological heritage of Uzbekistan is but one scientific aspect of the issue. A no less important task is the preservation of priceless monuments to the past of the Uzbek people and the conservation of the most prominent among them using modern methods to make them into international tourist attractions.

A key task in the restoration of the historical and cultural heritage of Uzbekistan is to continue to identify and protect cultural artefacts. This work is governed by the law on the protection and use of archaeological heritage sites, which was adopted by the legislative chamber of Uzbekistan on 16 June 2009. This law has intensified efforts to protect previously unknown cultural monuments. There are currently 4,000 archaeological sites protected by the law, but that number is expected to grow rapidly in the future.

A report on monuments from the Uzbekistan regions is currently being drafted and preparation for their inclusion on a protected list is already under way, in accordance with UNESCO's international standards for heritage protection. This work is carried out jointly by archaeologists and the relevant heritage protection authorities of the Uzbek Ministry of Cultural and Sports Affairs.

In addition to architectural restoration, many conservation efforts have been made during the years of Uzbekistan's independence. Modern techniques have been applied to protect unique monuments from different eras, including: the Buddhist temples in Surkhandarya; forts in Bukhara and Samarkand; the palace complexes of ancient Khorezm; and the site of Mingurik, the ancient urban centre of Tashkent.

More than 1,000 archaeological and architectural monuments have been restored in total. This aids both the preservation of the cultural heritage of Uzbekistan and the study of monuments from ancient civilizations, although difficulties in this area do remain.

One of the most important aspects of the spiritual rebirth of Uzbekistan is the revival of its true history, particularly with regard to the era of Tamerlane, the period from the end of the nineteenth century to the beginning of the twentieth, the Jadid movement, the national liberation movements, and the period of Soviet totalitarian control. This has helped to shed objective light on these historical events and processes and regain the long-withheld pages of the history of Uzbekistan. Also restored have been the names of great Uzbek forefathers, unjustly forgotten during the years of the colonial regime, names such as Imam al-Bukhari, Imam al-Termezi, Baha' al-Din Naqshband, Hoja Ahmad Yasawi, Tamerlane, Boborahim Mashrab, Burhan al-Din al-Margiloni and others, who contributed enormously not only to Uzbek culture, but also to the riches of global civilization.

Its rich historical heritage, spiritual and moral traditions and priceless contribution to global culture have been the foundation and calling card for Uzbekistan as it has become a global player and initiated a foreign policy and foreign trade activities. In speaking about Uzbekistan's entry into the global community, President Islam Karimov has said that Uzbekistan was in favour of integration in the spiritual sphere, as well as in science, culture, education and information.[2] Such integration undoubtedly contributes to the international demonstration of the rich cultural and historical heritage of Uzbekistan and

[2] Karimov I. A., *Po Puti Cozidaniya* [on the path of creation], Tashkent, Uzbekistan, 1994.

guarantees successful economic and political reform in the country, as well as progress in science and technology.

The accession of Uzbekistan to UNESCO in October 1993 has played an important role in the country's integration into the international spiritual community. UNESCO is a universal international body which brings together national systems for science, culture and education, while enriching them with the combined experience of global intellectual development, and introduces the peoples of the world to the rich spiritual history of all humankind.

A historical perspective and the restoration of an objective and truthful history of Uzbekistan have been of great significance in the revival and growth of national self-awareness. The Government has issued numerous rulings to further the study of the country's history and statehood. In this regard, the work of the country's scientists and civil-society organizations has been very helpful. One of the most actively involved was a leading centre for historical research — the Institute of History of the Academy of Sciences of the Republic of Uzbekistan. The Institute has published scientific and popular science literature covering various periods and previously unconsidered issues in the history of the Uzbek people.

The celebration of anniversaries of ancient cities and great forefathers plays a special role in the revival of the spiritual heritage of Uzbekistan and in securing its international recognition. Following a ruling by the Government of Uzbekistan, there were extensive national celebrations of the 600th anniversary of the great scholar and ruler Mirzo Ulugbek (1994), the 660th anniversary of the great statesman and military leader Tamerlane (1996), the 1,225th anniversary of the great thinker and hadith scholar al-Bukhari and the 1,200th anniversary of the famous scientist al-Farghani (1998), the 2,700th anniversary of the Avesta (2001), the 1,000th anniversary of the heroic epic Alpamish, and the 800th anniversary of the great son of the Uzbek nation Manguberdi (1999), the 1,300th anniversary of Imam Maturidi and the 910th anniversary of al-Margiloni (2000), and the anniversary of the Academy of Mamun (2006). These anniversaries were included in the list of UNESCO calendar events and widely celebrated at the international level. A decision by UNESCO also led to the celebration of the anniversaries of a number of cities whose ages were determined by archaeological research: Samarkand celebrated its 2,750th anniversary (2007) and Qarshi its 2,700th (2006), while Bukhara (1997), Khiva (1997) and Termez celebrated their 2,500th anniversary (2002), Tashkent its 2,200th (2009), and Margilan its 2,000th anniversary (2007).

Why were these activities carried out on such a wide scale? Some foreign researchers have written about the activities of our great ancestors in an ambiguous and at times biased manner. These international conferences have contributed to full, comprehensive and objective coverage of the activities and creative work of these individuals. They also confirm our country's new priorities and definitely constitute a great success for young Uzbek diplomacy and our country's researchers.

It is worth mentioning that the international anniversary events included the Mirzo Ulugbek week held at UNESCO headquarters in Paris in 1994, which began with an international symposium on Mirzo Ulugbek and the time of the great Timurids.[3] During the celebration, there was an exhibition on Ulugbek and traditional art, which provided visitors with information not only about the life and

[3] *Narodnoye Slovo* [voice of the people], 24 October 1994.

work of Mirzo Ulugbek but also about the time he lived in, the Timurid dynasty and the contemporary development of Uzbek folk arts and crafts.

The Ulugbek Week held by UNESCO was an opportunity for inhabitants and guests in Paris to learn about Uzbekistan and its rich cultural and spiritual heritage and the great changes that have taken place in the short period of time since independence.

One outcome of the continuing research efforts on the activity of Mirzo Ulugbek has been the holding of an international conference in 2009 on Mirzo Ulugbek and his contribution to the development of world science. The conference was timed to coincide with the International Year of Astronomy declared by UNESCO.

A scientific conference and an exhibition on the progress of science, culture and education during the time of the Timurid dynasty were held to celebrate the anniversary of Tamerlane at UNESCO headquarters in Paris in April 1996.

At the opening ceremony, President Karimov noted quite rightly that one of the historical missions of Tamerlane had been for the States of Asia and Europe to see themselves, for the first time in history, as sharing the same geopolitical space.

The visitors to the exhibition, including the President of France at that time, Mr. Jacques Chirac, and the Director-General of UNESCO, Mr. Federico Mayor, became acquainted with the artefacts on display, which reflected the scientific and cultural heritage of the period of Tamerlane and the Timurids (valuable manuscripts, coins, items of clothing and so on), and also with contemporary works relating to the period of the Timurids by Uzbek artists and craftsmen.

In June 1997, a week of events was devoted to an important date, the 2,500th anniversary of the ancient cities of Bukhara and Khiva. The programme for the week included an exhibition on Bukhara and Khiva, a theatrical presentation entitled "The Great Silk Road" and a performance by renowned Uzbek artists.

In his speech, the Director-General of UNESCO noted that Bukhara and Khiva, millenniums previously, had formed the spiritual centre that produced the values which had enriched the treasure house of the cultural heritage of humankind.[4]

An extensive cultural and scientific programme was organized in Paris at UNESCO headquarters in April 2009 to commemorate the 2,200th anniversary of Tashkent. Scientific conferences were also held in Tashkent to commemorate that anniversary.

The celebrations held at the international level have thus focused the attention of the international cultural and scientific community on Uzbekistan, and have contributed not only to a definition of the role of its great forefathers and exquisite cities and their contribution to global civilization, but also to increasing the international community's awareness of Uzbekistan's achievements in reviving national spiritual and historical values.

The cooperation between Uzbek and foreign researchers has produced a number of basic works devoted to Tamerlane, Al-Bukhari and Al-Ferghani and the

[4] *Pravda Vostoka* [Pravda of the East], 24 June 1997.

cities of Khiva, Bukhara, Samarkand and Tashkent.[5] These works, for the first time, have presented the great heritage of our remarkable forefathers and cities in the light of the complex social and economic events and cultural processes of those times.

A significant outcome of the project entitled "The Silk Road — the Road of Dialogue" was the creation in 1996 of the International Institute for Central Asian Studies in Samarkand, with the participation of 12 countries. The Institute's mission is to contribute to the study of Central Asian history and offer an objective assessment of the processes occurring in Central Asian countries on their modern path of development. In the context of these studies, an essential study by Y. F. Buryakov and A. A. Gritsin, entitled "Mavarannahr on the Great Silk Road", was published in 2003, and an international symposium entitled "The Strabo Route as a part of the Great Silk Road" was held in 2008.

One important outcome of cooperation in the study of Central Asian history between researchers from around the world was the preparation and study of a substantial six-volume history of Central Asian civilization, which offers a comprehensive picture of historical and cultural processes in the Central Asian region, from the Mediterranean to China.

The efforts of this international organization have led to the inclusion on the World Heritage List of the world-renowned cities of Bukhara, Khiva and Shahrisabz; the collection of oriental manuscripts of the Institute of Oriental Studies of the Academy of Sciences of the Republic of Uzbekistan; and the unique Uthman Quran. The World Heritage List includes over 690 monuments and historical sites around the world, including the Palace of Versailles, the Italian cities of Venice and Florence, the Egyptian pyramids and the Taj Mahal in India.[6]

The inclusion of our historical and cultural monuments in the World Heritage List is recognition of their importance. They belong to all of humanity and the international community is responsible for their conservation.

The revival of the Uzbek people's spiritual, historical and cultural values is thus the foundation for national self-determination, the formation and development of national statehood and the spiritual and moral capacity for major transformations and the country's aspirations for the future. The considerable level of international interest focused on these developments in Uzbekistan not only brings recognition of the Government's policy in that area but also draws attention to the contribution of the Uzbek people to world culture and to the unity of universal and national values, which undoubtedly is a vital factor in peaceful relations between the countries of the world.

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[5] *Amir Temur v mirovoy istorii* [Tamerlane in world history], Paris, 1996; *Svet iz glubiny vekov* [light from the depths of centuries], Tashkent, 1998; *Al-Ferghani*, 1999; *Khiva — gorod tysyachi kupolov* [Khiva — city of a thousand cupolas], 1997, 224p; *Bukhara zhemchuzhina Boctoka* [Bukhara, pearl of the East], 224p.

[6] World Heritage List, maintained by the World Heritage Committee, 1998, Paris, UNESCO Publishing, 1999.

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Third progress report on the adoption of the International Public Sector Accounting Standards by the United Nations

Report of the Secretary-General

Summary

The General Assembly, in its resolution 60/283, approved the adoption of the International Public Sector Accounting Standards (IPSAS) for the presentation of the financial statements of the United Nations, in tandem with a United Nations system-wide move to adopt the Standards.

IPSAS are accounting standards that will guide the presentation of the financial statements of the Organization but their implementation is far from being only an accounting project; as IPSAS-compliant accounting policies are put in place, there is a need to change procedures, detailed workflows and instructions, as well as the control framework that underpin financial accounting and reporting. The result will be a major organizational change impacting the business process and general management. It has been recognized that the vigorous information requirements to produce IPSAS-compliant financial statements for the Organization will necessitate a change to a robust, global information system.

The Secretary-General has submitted two progress reports on the adoption of IPSAS to the General Assembly: the first progress report (A/62/806) covered the period from August 2006 to March 2008 and the second (A/64/355) covered the period from 1 April 2008 to 31 July 2009. The present report details the activities towards IPSAS implementation for the period from 1 August 2009 to 31 July 2010, with separate sections describing progress across the United Nations system and at the United Nations itself.

The General Assembly is requested to take note of the present report.

* A/65/150.

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I. Introduction

1. On 30 November 2005, the High-Level Committee on Management, which promotes harmonization of business practices across the United Nations system, made the landmark recommendation that the United Nations system organizations move from the internally developed United Nations system accounting standards to the International Public Sector Accounting Standards (IPSAS) for the presentation of the organizations' financial statements. It had become widely recognized by the stakeholders of the United Nations system organizations that the United Nations system accounting standards did not keep abreast with the rapidly changing international accounting environment and that IPSAS, independently developed through a rigorous due process, had become accepted as international best practice for accounting and reporting by Governments and international governmental organizations, and would improve the quality, comparability and credibility of financial reporting within the United Nations system. The High-Level Committee on Management recommended that all United Nations system organizations adopt IPSAS effective no later than 2010.

2. In 2006, the High-Level Committee on Management established a jointly funded system-wide project to support the development of a harmonized framework of IPSAS-compliant policies and achieve economies in addressing common IPSAS implementation issues across United Nations system organizations. The system-wide project was initially approved for the period 2006 to 2009, and was subsequently extended to 2011. By the end of 2007, the system-wide project team had developed a portfolio of IPSAS-compliant policies and guidelines that has been accepted by United Nations system organizations as providing a stable platform for facilitating harmonization of IPSAS-compliant financial reporting across the United Nations system. In 2009, a suite of 18 training courses on IPSAS was developed to further support harmonization of IPSAS implementation throughout the United Nations system.

3. An external review to determine the strategic direction and modalities for continuation of IPSAS system-wide support for the biennium 2012-2013 is currently being undertaken.

4. Over the review period, the World Food Programme (WFP) obtained its second unqualified audit opinion on its IPSAS-compliant financial statements, having presented its annual financial statements as of 31 December 2009. WFP, which adopted IPSAS in 2008, is to date the only United Nations system organization to have successfully implemented IPSAS.

5. All other United Nations system organizations continued to make progress towards implementing IPSAS. However, as more experience was gained regarding the complexities involved in the implementation of IPSAS, concerns emerged regarding the readiness of the other United Nations organizations with regard to the 2010 timeline. Recognizing this, the High-Level Committee on Management asked organizations to review their IPSAS target dates and make adjustments, if necessary. As a result, many United Nations organizations revisited and revised their IPSAS target dates as dictated by unfolding realities related to required changes to information systems and policies and procedures, as well as the scale of change management activities required.

6. At the United Nations, the Secretary-General, in his report (A/60/846/Add.3), recommended the adoption of IPSAS for the Organization by 2010; the Standards were proposed within the context of the Secretary-General's reform measures for a stronger Organization worldwide.

7. The Advisory Committee on Administrative and Budgetary Questions, in its related report (A/60/870), recommended the adoption of IPSAS by the United Nations, but noted that IPSAS implementation activities would need to be synchronized with progress towards the introduction of a new information technology system for the Organization. In its resolution 60/283, the General Assembly approved the adoption of IPSAS by the United Nations, the resources to begin implementing IPSAS and the replacement of the Organization's current information systems with a next generation enterprise resource planning system.

8. The Secretary-General submitted his first progress report on the adoption of IPSAS (A/62/806), in April 2008, which communicated a target date of 2011 for IPSAS adoption; that target date was adjusted to 2012 based on the view expressed by the Advisory Committee on Administrative and Budgetary Questions in paragraph 9 of its report (A/63/496). In his second progress report (A/64/355), the Secretary-General stated that the strategy and timeline of Umoja, the United Nations project to implement a new enterprise resource planning system, had been adjusted and as a result, the target date for the first full set of IPSAS-compliant financial statements for the Organization had been revised to 2014. Over the review period, the United Nations IPSAS Implementation Project made significant progress towards that goal in the areas of accounting policies and guidance, and change management activities. Further, the IPSAS Project Team partnered with the Umoja Project Team towards the goal of an IPSAS-compliant Umoja design.

9. The present report provides details of the progress towards IPSAS implementation for the period from 1 August 2009 to 31 July 2010. Section II provides details of progress towards IPSAS implementation at the system-wide level followed by progress at the United Nations, which is presented in section III. Action to be taken by the General Assembly is in section IV of this report.

II. United Nations system-wide IPSAS adoption activities

A. Overview

10. In 2006, the High-Level Committee on Management approved a four-year (2006-2009) jointly funded system-wide project to support, facilitate and guide United Nations system organizations in the adoption and implementation of IPSAS. Responsibilities of the system-wide project team included developing harmonized system-wide accounting policies and guidance, monitoring of organizations implementation progress, sharing of information, including lessons learned by early adopters, providing input into the development of new standards issued by the International Public Sector Accounting Standards Board communicating IPSAS information and developing IPSAS training material. Information regarding the system-wide team activities since the last progress report (A/64/355) is described in the following sections, together with further information on the project's strategic orientation.

11. During the period covered by the present report, the system-wide team continued to pursue the areas of work previously identified by the High-Level Committee on Management including:

(a) Providing support to the Task Force and Steering Committee meetings;

(b) Preparation and follow-up of progress reports on IPSAS implementation to the High-Level Committee on Management and the General Assembly;

(c) Drafting frameworks and working tools in support of a harmonized approach to IPSAS implementation;

(d) Preparing and supporting the external review of the project;

(e) Activation of thematic working groups on specific IPSAS implementation issues;

(f) Follow-up and monitoring of IPSAS training activities and system-wide training materials;

(g) Monitoring of the IPSAS Board activities and preparation of updates to the Task Force;

(h) Ad hoc support to United Nations system organizations on various IPSAS policy and implementation issues.

B. System-wide project governance, organization and budget

12. The system-wide IPSAS adoption project falls under the auspices of the High-Level Committee on Management. The system-wide project team reports to a steering committee, with members from organizations headquartered in New York, Geneva, Rome and Vienna. The steering committee is accountable to the Task Force on Accounting Standards, which is accountable, through the Finance and Budget Network, to the High-Level Committee on Management.

13. In 2006, the High-Level Committee on Management endorsed an initial four-year (2006-2009) budget for the system-wide project. In February 2009, the High-Level Committee on Management approved the continuation of the system-wide project for the biennium 2010-2011 in order to maintain a harmonized system-wide approach and to support United Nations system organizations through revised deadlines for IPSAS implementation that now range from 2010 to 2014.

14. The current biennium budget for the United Nations system-wide project is $1.33 million; a 43 per cent reduction of the project budget in comparison with the previous biennium reflects the revised scope of work approved by the High-Level Committee on Management. As the system-wide team has been understaffed for a substantial part of the 2006-2009 period, the current biennium requirements have been fully funded through underexpenditures from prior periods.

15. Given the request of the High-Level Committee on Management for information on the modalities for continuation of the project beyond 2011 and the changing needs of the implementing organizations, an external review is currently being undertaken to identify strategic directions, activities and resource requirements of the system-wide project going forward. Pending the results of the

project review, the system-wide team continued to pursue the areas of work previously identified by the High-Level Committee on Management.

C. IPSAS-compliant accounting policies/guidance

Accounting guidance

16. A stable policy platform in support of harmonized adoption of IPSAS throughout the United Nations system was deemed to have been established in 2007. The focus since then has been further guidance on specific IPSAS requirements. During the period under review, the system-wide team developed three Decision Papers on specific aspects related to the treatment of employee benefits, receivables from assessed contributions and donated rights to use premises under joint arrangements. The Task Force reviewed and endorsed those papers at its December 2009 meeting.

Thematic working groups

17. With input from the Task Force, in May 2010 the system-wide project team activated five thematic working groups on specific IPSAS implementation issues in the areas of accounting for employee benefits, controlled entities, common services, donated rights to use premises under joint arrangements and inventories. These working groups will further improve organizations understanding of IPSAS requirements and facilitate exchange of knowledge and best practices with the system-wide team. Papers resulting from these working groups will represent a useful complement to the existing set of system-wide policies and guidance.

18. In May 2010, the Task Force approved an approach to manage emerging accounting policy diversity among organizations arising from differences in regulatory frameworks, institutional arrangements, implementation mandates and modalities, business models and alternatives allowed by IPSAS. The envisaged process to manage accounting policy diversity includes establishing a baseline of policies and practices where diversity exists, monitoring of changes and factors impacting diversity and establishing system-wide processes for further harmonization.

IPSAS Board involvement

19. The IPSAS Board is the body that develops and issues IPSAS standards and amends existing standards as needed. The system-wide team is responsible for effectively representing United Nations system issues to the IPSAS Board and communicating Board developments to Task Force members. The Board increased its output during 2009 and in particular in the second half of that year, when it concluded its project of "convergence" of IPSAS with International Financial Reporting Standards/International Accounting Standards with the issuance of four new IPSAS standards. In the first part of 2010, the IPSAS Board focused on the development of the IPSAS Conceptual Framework, which has the potential to significantly shape the body of standards going forward. In this period, the system-wide team continued to attend IPSAS Board meetings as an observer, bringing forward the United Nations system perspective, and kept updating the Task Force on the Board's activities.

D. Communication and training

Task Force meetings and information sharing

20. On average, two Task Force meetings a year are held; in 2010, one meeting was held via videoconference with nine locations and the upcoming face-to-face meeting will be hosted by the Pan American Health Organization in Washington, D.C. In addition, on at least a bimonthly basis, the system-wide project's Steering Committee meets to discuss project governance and IPSAS implementation issues. During the review period, the system-wide team fully supported these two forums, drafting briefs and documents, supporting the decision-making process and providing technical and administrative support to the chair of the Task Force. The system-wide team is also responsible for providing IPSAS progress reports every six months to the High-Level Committee on Management. The system-wide team collected information, documents and materials from individual organizations on their IPSAS implementation, such as accounting manuals, training materials, charts of accounts, revised financial regulations and rules and shared them with Task Force members.

Working with external auditors

21. External auditors of United Nations system organizations have been acknowledged as key stakeholders of the IPSAS implementation process. Although considerable efforts have been made at the system-wide level and at the individual organization level through bilateral discussions, organizations identified the need for a framework to guide their interactions with their external auditors throughout IPSAS implementation, building on lessons learned by early adopters. The system-wide team drafted such a framework based on the successful experience of WFP collaborating with its external auditor. Once endorsed by the Task Force, this framework will be shared with the Panel of External Auditors so that guidance included is utilized where applicable by organizations and auditors during IPSAS implementation.

Training

22. In an effort to harmonize the approach to IPSAS adoption and to achieve economies of scale, the High-Level Committee on Management tasked the system-wide team to produce a comprehensive suite of IPSAS training materials. Following a major depletion of team resources at the end of 2008, the United Nations IPSAS Implementation Team took the leadership of the project and in December 2009 completed and made available to the United Nations system organizations the suite of 18 IPSAS training products, including 7 computer-based training courses and 11 instructor-led training courses.

23. The seven computer-based training courses are self-directed materials to raise awareness of IPSAS concepts and provide working-level knowledge training. They were made available on three platforms — Internet, compact disc and learning management system. Instructor-led trainings include animations, United Nations system-specific examples, learning checkpoints and end-of-course assessments.

24. The 11 instructor-led training courses to be delivered in a classroom style support conceptual training at the intermediate and advanced levels. During the course of the project, the United Nations IPSAS Implementation Team received

support from consultants contracted at the United Nations system-wide level, the system-wide IPSAS Project Team, a United Nations system-wide Training Advisory Group, IPSAS team members from the International Atomic Energy Agency and the United Nations Population Fund and other members of the United Nations Secretariat.

25. Since courses were made available to organizations, a few technological issues of a system-wide nature have been addressed as they arose and a technical maintenance contract is being arranged to provide technical support over the next years.

E. Progress towards adoption of IPSAS by United Nations system organizations

Revised IPSAS implementation dates

26. For an organization to adopt IPSAS effective 2010, all policies, procedures and systems should be in place by 1 January 2010. Because of the time needed to make changes to policies, procedures and systems, most organizations would need to have completed key implementation steps, such as budget approval, development of detailed project plans, and an assessment of necessary information system changes, a minimum of two years before their target date.

27. Concerns about some organizations readiness by 2010 emerged during 2008, when it became clear that organizations had not completed key steps, and were brought to the attention of the High-Level Committee on Management. At its February 2009 meeting, the High-Level Committee on Management encouraged organizations to take appropriate steps to achieve the 2010 target date where possible, but also to review and adjust their target dates if necessary. As of 30 June 2009, 11 organizations revised their original timeline; two further revisions took place by 31 December 2009. The main reasons organizations reported deferral of IPSAS implementation are:

(a) Delays experienced in gaining approval for necessary funding;

(b) The need to align IPSAS timetables with related enterprise resource planning project timetables;

(c) An improved appreciation of the scale and complexity of the work involved after completing a diagnosis of required procedures and systems changes;

(d) Problems in recruiting and retaining project staff;

(e) Competing reform initiatives limiting staff ability to engage on IPSAS issues.

28. As of 30 June 2010, two of the four organizations that had previously reported 2011 as their implementation year, have changed to 2012 and one 2012 organization is now aiming for 2014. This changes the number of organizations aiming for each year as follows:

2010	Eight organizations
2011	Two organizations
2012	Nine organizations
2014	Two organizations

29. A list of organizations and their IPSAS implementation dates, as of 31 July 2010, is provided in the annex to the present document.

Cross-cutting IPSAS implementation issues

30. Several implementation issues common to many United Nations system organizations have been closely monitored, discussed and reported by the system-wide Task Force on Accounting Standards.

31. Review of information system requirements is a significant endeavour, which in some cases overlaps with implementation of new enterprise resource planning systems, especially by large and decentralized organizations. When the IPSAS and enterprise resource planning projects are linked, organizations may face significant risks of delays and uncertain deadlines, since their IPSAS implementation is conditional on funding and project management of their enterprise resource planning projects.

32. Training and communication plans have been issued by most organizations throughout the system. Challenges ahead include use of consultants, customization of training material, delivery of face-to-face training, and timing of delivery of training to various audiences in relation to established IPSAS timelines.

33. External auditors' engagement in IPSAS implementation varies widely across the United Nations system. In some cases, organizations expressed general appreciation for auditors' support on IPSAS-related issues; some organizations expressed concern with regard to the lack of formal feedback by auditors on proposed accounting policies and the lack of a proactive approach towards one-time choices, such as the establishment of functional requirements of new enterprise resource planning projects.

III. Adoption of IPSAS at the United Nations

A. Overview

34. In its resolution 64/243, the General Assembly, having considered the second progress report of the Secretary-General on the adoption of IPSAS (A/64/355) and the related recommendations of the Advisory Committee on Administrative and Budgetary Questions (A/64/531), confirmed that the new enterprise resource planning system will serve as the backbone for implementing IPSAS, highlighting the continued dependency of the IPSAS project on progress towards the implementation of Umoja.

35. The first Umoja progress report (A/64/380) projected the pilot deployment during the fourth quarter of 2011 and a fully functional enterprise resource planning system Organization-wide by the end of 2013. As a result, implementation was targeted for 2014 for issuing the first full set of IPSAS-compliant financial statements. In the second progress report on Umoja, Umoja has communicated that it remains on track to deliver according to the strategy and timeline presented in its first progress report. Accordingly, the revised target date for IPSAS of 2014 remains unchanged.

36. With synchronized target dates for IPSAS and Umoja and after the completion of the development of the 18 IPSAS training products by the United Nations IPSAS Project Team, the momentum of the project turned towards finalization of a comprehensive portfolio of IPSAS-compliant accounting policies during the period under review. Further, the IPSAS and Umoja teams worked closely on the Umoja design that began the process of operationalizing the IPSAS policies. Change management activities increased, notably in the areas of communication and training as the IPSAS Steering Committee increased monitoring progress towards IPSAS implementation.

B. Project governance and organization

37. The United Nations IPSAS Steering Committee is the main decision-making body on policy issues relating to IPSAS implementation at the United Nations. As communicated in the second progress report on the adoption of IPSAS (A/64/355), the governance model of the IPSAS Implementation Project was reassessed in 2009 and a decision was made to expand the role and membership of the IPSAS Steering Committee. Further, during the review period, representatives from the United Nations Environment Programme, and UN-Habitat were added to the Steering Committee. The Steering Committee now has broad representation from the global Secretariat.

38. Under this expanded mandate, the Steering Committee provided strong leadership to the IPSAS Implementation Project. During the period under review, the Steering Committee met formally once per month via videoconference and held its first face-to-face meeting in the autumn of 2009. Over the period, the Steering Committee considered, inter alia, the IPSAS project workplan, the IPSAS training plan, proposals for a number of communication products and events, the statement of work for the proposed IPSAS consultancy, joint projects of IPSAS and Umoja and a number of policy proposals from its working groups.

39. The governance model of the IPSAS project was also expanded to include periodic review of progress towards IPSAS adoption by the Management Committee; the next review is scheduled to take place in the autumn of 2010.

C. United Nations IPSAS Implementation Project Team activities

40. The United Nations IPSAS Implementation Project Team continued to lead the transitioning of the Organization to the requirements of IPSAS and made significant progress in the areas of articulating proposals for IPSAS-compliant accounting policies for United Nations-specific issues, such as consolidation under IPSAS, accounting for donated right-to-use arrangements, goods and services in kind, employee benefits, intangible assets, related party disclosures, and presentation of budget information in the financial statements; identifying areas for progressive implementation of IPSAS requirements and supporting the required changes to the financial statements; drafting the statement of work for the IPSAS consultancy; documenting IPSAS-compliant model financial statements; working with Umoja to build an IPSAS-compliant chart of accounts; the development of training and communication products and the deployment of the first phase of IPSAS training for the Organization.

41. The Steering Committee set up working groups to assist it to discharge its responsibilities for the IPSAS Implementation Project. The working groups are managed by the United Nations IPSAS Implementation Project Team, which is accountable to the Steering Committee for any tasks and duties delegated to the working groups. The participants of the working groups are drawn from the various offices represented at the committee level and from any other areas of expertise considered necessary.

Development of accounting policies and guidance

42. Over the review period, the most significant work of the United Nations IPSAS Implementation Project Team in the area of IPSAS policy development relates to donated rights to use premises, the Capital Master Plan and consolidation under IPSAS, as discussed in paragraphs 43 to 48 of the present report.

Donated rights to use premises

43. The United Nations is involved in a number of significant arrangements under which it occupies premises under donated rights-to-use agreements; in some cases the donated rights relate to premises that are shared among a number of United Nations system organizations, such as in the case of the Vienna International Centre, which the United Nations occupies jointly with IAEA, the United Nations Industrial Development Organization (UNIDO) and the Preparatory Commission for the Nuclear-Test-Ban Treaty Organization, collectively referred to as Vienna-based organizations. The High-Level Committee on Management encourages harmonized IPSAS-compliant accounting treatment across United Nations system organizations in such arrangements of donated rights-to-use joint premises. IPSAS is not prescriptive regarding these donated rights-to-use premises arrangements and the Task Force on Accounting Standards has recognized that a range of treatments from note disclosure to asset recognition would be IPSAS-compliant. The United Nations IPSAS Implementation Team has reviewed the case of the Vienna International Centre and under the guidance of the Steering Committee developed a proposed accounting policy on the issue with note disclosure as the preferred approach, and has communicated this to the Board of Auditors and to the other organizations party to the Vienna International Centre arrangement. To date, there is no consensus among the organizations on this issue, which has assumed greater urgency as UNIDO plans to issue IPSAS-compliant financial statements as at 31 December 2010. The Technical Group of the Panel of External Auditors has recommended that the organizations party to the Vienna International Centre arrangement come to a consensus on the treatment of the right to use the Vienna International Centre premises.

44. Status-of-forces and status-of-mission agreements in peacekeeping operations often include significant donated rights-to-use premises arrangements; the decision on the IPSAS-compliant accounting treatment of the Vienna International Centre premises will set the precedent for the accounting treatment of those Host Government arrangements. At the time of writing of the present report, discussions on the treatment of the Vienna International Centre premises were ongoing.

Accounting for the capital master plan

45. As the Organization moves towards the requirements of IPSAS, one of the biggest challenges with regard to the capital master plan is to distinguish between the costs to be expensed and those to be capitalized. IPSAS require that only costs that are directly related to the construction of the asset should be capitalized, such as professional fees, design and construction management, drilling and geotechnical consulting, direct labour, site preparation and costs of dismantling the item. Significant leasehold improvements of "swing spaces" should also be capitalized but only for the duration of the lease. Other costs, such as moving costs to temporary offices, administration costs, cleaning, printing and maintenance, should be expensed as incurred.

46. Working together with the Capital Master Plan Office and the Accounts Division, the United Nations IPSAS Implementation Team conducted an analysis and compiled a report of the capital master plan financial data from inception to 2009, separating the costs to be expensed and those to be capitalized in compliance with IPSAS requirements. The results have been reflected in the audited financial statements as at 31 December 2009.

Consolidation under IPSAS

47. In accordance with the recommendation of the Advisory Committee on Administrative and Budgetary Questions (A/64/531, para. 13), the United Nations IPSAS Implementation Team did a further study of consolidation under IPSAS over the review period. Guided by IPSAS principles, the approach of the United Nations IPSAS Implementation Team was to identify the "core" reporting entity of the Organization and then apply the "control test" to determine the group of entities to be consolidated. The United Nations IPSAS Implementation Team first identified the core reporting entity of the United Nations as consisting of all its principal organs and the results of the "control test" suggested that consolidation of a number of separate reporting entities, including the Funds and Programmes is allowable under IPSAS. However, noting that IPSAS is not prescriptive as to the identification of the "core" reporting entity, and that current guidance of the IPSAS Board's conceptual framework indicates that the reporting entity can be specified in legislation, regulation or other authority, and that it may be an administrative arrangement without legal identity, the United Nations IPSAS Implementation Team's conclusion is that there is no clear requirement for consolidation under IPSAS for the United Nations and its related entities, including the Funds and Programmes. Consolidation is classified as a "grey" area with a wide range of options that could be IPSAS-compliant for the United Nations. Accordingly, the Secretariat intends to adopt the most pragmatic policy and approach that is within the boundaries of IPSAS. Thus, the proposal is for the United Nations not to consolidate, and to continue with the current arrangements for separate volumes of IPSAS-compliant financial statements, including those for Volume II for peacekeeping operations. The United Nations Funds and Programmes would also continue to submit separate financial statements under the current arrangements of delegated administrative autonomy with separate mandates and funding sources.

48. While acknowledging the decision to consolidate financial statements rests with Member States, the United Nations IPSAS Implementation Team has shared this proposal with the Office of Legal Affairs, requesting it to determine whether

there were any adverse legal implications or issues. In response, the Office of Legal Affairs has indicated that it has no objection, from the legal perspective, to the proposal by the United Nations IPSAS Implementation Team that the United Nations would not present consolidated financial statements under IPSAS, and that the Funds and Programmes and other related entities would prepare separate volumes of IPSAS-compliant financial statements. Plans are under way to hold further consultations with the Funds and Programmes and the Board of Auditors on this issue.

Progressive implementation of IPSAS

49. The IPSAS Implementation Project has adopted the strategy of progressive incorporation of IPSAS requirements to the extent allowed by the current information systems of the Organization and as permitted by the United Nations system accounting standards. However, because of limitations of the current information system, these changes are necessarily limited. The 2009 audited financial statements include additional note disclosures for contributions in kind, including those received under the Status of Forces Agreement and the Status of Mission Agreement arrangements, modifications of the capitalization policy for the Capital Master Plan and determination of the liabilities for repatriation benefits and unused vacation days on an actuarial basis.

Consultancy for implementation of IPSAS

50. The statement of work for consultancy services for the implementation of IPSAS is in progress and will focus on:

(a) Validation of accounting policies, procedures and operational guidelines relating to the implementation of IPSAS;

(b) Documentation of an effective IPSAS implementation strategy;

(c) Providing support for the preparation of non-expendable property and expendables data for conversion to IPSAS;

(d) Determining the IPSAS-compliant opening statement of financial position;

(e) Developing an accounting manual for the Organization.

The consultants are expected to be on board early in 2011, and their services will be required until the implementation of IPSAS in 2014.

Development of training products

51. Over the first half of the review period, the IPSAS Implementation Team spent much of its time finalizing the development of the IPSAS training products for use by United Nations system organizations. As mentioned in paragraph 22 above, the United Nations Team produced 18 courses which were deployed to United Nations system organizations in December 2009.

D. Collaboration with Umoja Project

The Umoja high-level design

52. The United Nations IPSAS Implementation Project Team fully engaged with the Umoja Finance Team in the high-level design of the enterprise resource planning to ensure that the requirements of IPSAS are incorporated in the "to be processes" of the new system. This has included several joint workshops with broad participation, starting with the Chief Finance Officers workshop in November 2009. That workshop took place in New York from 8 to 12 November 2009; its focus was to provide an initial validation of a proposal presented by the joint Umoja Finance Team and the IPSAS Project Team on the Umoja high-level "to be" design and IPSAS requirements. That forum was used to communicate progress towards IPSAS adoption and to maintain the support for the change to IPSAS of that major group of stakeholders.

53. Subsequently, a two-week workshop was held in May 2010, followed by a one-week workshop in Geneva. The result was the development of a proposal of the format of the IPSAS-compliant financial statements under IPSAS, a number of IPSAS-compliant accounting policies and a chart of accounts designed to support IPSAS-compliant reporting. Further, during the IPSAS/Umoja workshops, a preliminary framework for the coding block, the detailed information captured at the transactional level that will drive financial as well as management reporting under SAP software, was proposed. These proposals will be further developed and are expected to be validated with a wider group of subject matter experts later in the autumn of 2010.

54. Given the most recent timetable of the Umoja project to make available the full enterprise resource planning to the Organization by the end of 2013 and the dependencies of IPSAS on a successfully deployed enterprise resource planning system Organization-wide, the IPSAS project modified its timetable to issuing of the first full set of IPSAS-compliant financial statements to 2014. Among the challenges for the United Nations for the period commencing with the launch of the first enterprise resource planning pilot in 2011 to the time of full enterprise resource planning implementation by the end of 2013, is production of financial statements based on a single set of accounting standards. During the biennium 2010-2011, the Organization will continue to prepare financial statements in accordance with the current accounting standards, that is, the United Nations system accounting standards. The biennium 2012-2013 will be a difficult transition period, with additional challenges arising from some offices being under IPSAS policies and others under United Nations system accounting standards. As financial statements must use the same accounting policies across all offices included therein, the Accounts Division and the United Nations IPSAS Implementation Project Team will determine in conjunction with the Umoja Project Team a process for the production of appropriate United Nations system accounting standards-compliant reports for those offices that will have converted to Umoja during the transitional period, in order to support the preparation of United Nations system accounting standards-compliant financial statements up to 31 December 2013.

55. As for the financial statements for peacekeeping operations, the current plan is to produce the first IPSAS-compliant financial statements as at 30 June 2014. An evaluation will be made on the feasibility of preparing IPSAS-compliant financial

statements for the fiscal year ending 30 June 2013, taking into consideration the planned completion of Umoja implementation at peacekeeping missions by the second quarter of 2013.

E. Communication and training

Communication

56. Recognizing that effective communication is integral to the success of any large-scale change project, the IPSAS Implementation Team developed new communication pathways. In April 2010 the United Nations IPSAS Implementation Team launched *The IPSAS InSight*, a quarterly electronic publication that provides information regarding progress towards the implementation of IPSAS at the United Nations and addresses frequently asked questions about the project from staff. *The IPSAS InSight* will also serve as a tool to build conceptual knowledge as each issue is expected to include an article addressing a technical accounting topic.

57. In addition, numerous briefings were given to key stakeholders with a view to keeping them informed and engaged. They included briefings of the Management Committee, Chief Administrative Officers, Chief Procurement Officers, Senior Management of the Department of Field Support, Logistics Officers and property managers, the Independent Audit Advisory Committee, Training Managers, Executive Officers, Budget Officers and Chief Finance Officers.

Training

Launch of computer-based training at the United Nations

58. Computer-based IPSAS training at the United Nations was officially launched in January 2010. The first course, Computer-Based Training 1, aims at creating awareness of IPSAS while the other six computer-based training courses are for the development of conceptual skills at the working level, covering topics such as the basics of IPSAS, accounting for property, plant and equipment, inventory, employee benefits, leases and provisions and contingent liabilities and contingent assets. All administrative staff were encouraged to take computer-based training 1 on IPSAS orientation, and the remaining six courses to be taken by the various functional groups, depending on their needs. Computer-based IPSAS training is progressing well, with close to 3,300 electronic certificates issued to staff members who successfully completed the computer-based training courses by the end of July 2010.

Plans for instructor-led training

59. The training strategy at the United Nations calls for self-directed training via computer-based training courses during the earlier stages of IPSAS implementation and instructor-led training courses to be deployed closer to the IPSAS implementation date. A plan has been prepared for the deployment of IPSAS instructor-led training courses, which is scheduled to commence during the first quarter of 2011. A training survey will be used to identify specific staff members to be trained and to fine-tune the arrangements for the instructor-led training courses, which will be conducted at selected regional centres.

Plans for IPSAS/SAP training

60. As communicated in the first progress report on the adoption of IPSAS (A/62/806), the training strategy for IPSAS calls for the incorporation of IPSAS elements in the development and deployment of enterprise resource planning training. This will be a joint effort of the IPSAS and Umoja teams. As IPSAS will be implemented simultaneously with Umoja, training strategies will be aligned in a manner that is consistent with the overall training programme of the Organization, achieving economies of scale in the process. The IPSAS Steering Committee noted the request of the Advisory Committee on Administrative and Budgetary Questions in its report (A/64/531, para. 12), to ensure close coordination between the enterprise resource planning and IPSAS team in this regard, and has requested that detailed plans be put in place for this joint effort.

F. Status of expenditures

61. In its resolution 60/283, the General Assembly approved the resources to begin the process of implementation of IPSAS at the United Nations. The table below provides a summary of the expenditures by the United Nations IPSAS Implementation Project for the bienniums 2006-2007 and 2008-2009, the initial appropriation for the biennium 2010-2011, and expenditures for the biennium 2010-2011 as at 31 July 2010, by funding source.

IPSAS adoption at the United Nations 2006-2011

(Thousands of United States dollars)

Object of expenditure	*2006-2007 expenditures*	*2008-2009 expenditures*	*2010-2011 initial appropriations*	*2010-2011 expenditures 31 July 2010*[a]
Regular budget				
Posts	370.4	1 270.6	1 179.7	291.8
General temporary assistance	—	—	662.6	0.4
Consultants	—	—	490.8	—
Travel	10.2	46.6	156.3	56.6
Contractual services	16.4	0.3	608.6	12.5
Other	10.9	24.2	23.7	—
Section 28B, Office of Programme Planning, Budget and Accounts	407.9	1 341.7	3 121.7	361.3
Section 31, Jointly financed activities	427.1	732.2	417.9	104.0
Total regular budget	**835.0**	**2 073.9**	**3 539.6**[b]	**465.3**
Peacekeeping support account				
General temporary assistance	324.2	547.6	754.1	191.6
Consultants	—	—	2 034.1	—
Travel	—	2.6	284.9	5.2
Total support account for peacekeeping operations	**324.2**	**550.2**	**3 073.1**[c]	**196.8**
Grand total	**1 159.2**	**2 624.1**	**6 612.7**	**662.1**

[a] Represents estimates.

[b] Represents initial appropriations in accordance with General Assembly resolutions 64/244 A-C.

[c] Represents the prorated appropriation for the period 1 January to 30 June 2010, the appropriation for the peacekeeping period 1 July 2010 to 30 June 2011 and the estimated prorated amount for the period 1 July to 31 December 2011.

IV. Action to be taken by the General Assembly

62. **The General Assembly is requested to take note of the present report.**

Annex

United Nations organizations: dates of implementation of IPSAS as at 31 July 2010

Organization	*IPSAS implementation date*
1. WFP (*completed*)	2008
2. ICAO	2010
3. IMO	2010
4. ITU	2010
5. PAHO	2010
6. UNESCO	2010
7. UNIDO	2010
8. WIPO	2010
9. WMO	2010
10. IAEA	2011
11. UPU	2011
12. FAO	2012
13. ILO	2012
14. UNDP	2012
15. UNFPA	2012
16. UNHCR	2012
17. UNICEF	2012
18. UNOPS	2012
19. UNRWA	2012
20. WHO	2012
21. United Nations	2014
22. UNWTO (Tourism)	2014